

110TH CONGRESS
2D SESSION

H. R. 6152

To stimulate the economy of the United States and provide financial relief
to low-income families in the United States.

IN THE HOUSE OF REPRESENTATIVES

MAY 22, 2008

Mr. ENGLISH of Pennsylvania (for himself and Mr. GERLACH) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To stimulate the economy of the United States and provide
financial relief to low-income families in the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Family Relief and Economic Stimulus Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—EMERGENCY UNEMPLOYMENT COMPENSATION

- Sec. 101. Federal-State agreements.
- Sec. 102. Emergency unemployment compensation account.
- Sec. 103. Payments to States having agreements for the payment of emergency unemployment compensation.
- Sec. 104. Financing provisions.
- Sec. 105. Fraud and overpayments.
- Sec. 106. Definitions.
- Sec. 107. Applicability.

TITLE II—TAX PROVISIONS

Subtitle A—Penalty-Free IRA Distributions

- Sec. 201. Penalty-free distributions from IRAs to avoid foreclosure on principal residence.
- Sec. 202. Penalty-free distributions from IRAs for expenses during extended unemployment.

Subtitle B—Homeland Investment

- Sec. 211. Allowance of deduction for dividends received from controlled foreign corporations for additional year.

Subtitle C—Suspension of Highway Fuels Taxes When Summer Blending in Effect

- Sec. 221. Suspension of highway fuels taxes when summer blending in effect.

Subtitle D—Indexing for Capital Gains

- Sec. 231. Indexing of certain assets for purposes of determining gain or loss.

TITLE III—EMERGENCY ASSISTANCE FOR REDEVELOPMENT OF ABANDONED AND FORECLOSED HOMES AND FOR WEATHER- IZATION OF HOMES OF LOW-INCOME FAMILIES

- Sec. 301. Direct appropriations.
- Sec. 302. Allocation of appropriated amounts.
- Sec. 303. Use of funds.
- Sec. 304. Limitations.
- Sec. 305. Rules of construction.
- Sec. 306. Authority to specify alternative requirements.
- Sec. 307. Periodic audits.

1 **TITLE I—EMERGENCY UNEM-** 2 **EMPLOYMENT COMPENSATION**

3 **SEC. 101. FEDERAL-STATE AGREEMENTS.**

- 4 (a) IN GENERAL.—Any State which desires to do so
- 5 may enter into and participate in an agreement under this
- 6 title with the Secretary of Labor (in this title referred to

1 as the “Secretary”). Any State which is a party to an
2 agreement under this title may, upon providing 30 days’
3 written notice to the Secretary, terminate such agreement.

4 (b) PROVISIONS OF AGREEMENT.—Any agreement
5 under subsection (a) shall provide that the State agency
6 of the State will make payments of emergency unemploy-
7 ment compensation to individuals who—

8 (1) have exhausted all rights to regular com-
9 pensation under the State law or under Federal law
10 with respect to a benefit year (excluding any benefit
11 year that ended before May 1, 2007);

12 (2) have no rights to regular compensation or
13 extended compensation with respect to a week under
14 such law or any other State unemployment com-
15 pensation law or to compensation under any other
16 Federal law (except as provided under subsection
17 (e)); and

18 (3) are not receiving compensation with respect
19 to such week under the unemployment compensation
20 law of Canada.

21 (c) EXHAUSTION OF BENEFITS.—For purposes of
22 subsection (b)(1), an individual shall be deemed to have
23 exhausted such individual’s rights to regular compensation
24 under a State law when—

1 (1) no payments of regular compensation can
2 be made under such law because such individual has
3 received all regular compensation available to such
4 individual based on employment or wages during
5 such individual's base period; or

6 (2) such individual's rights to such compensa-
7 tion have been terminated by reason of the expira-
8 tion of the benefit year with respect to which such
9 rights existed.

10 (d) WEEKLY BENEFIT AMOUNT, ETC.—For purposes
11 of any agreement under this title—

12 (1) the amount of emergency unemployment
13 compensation which shall be payable to any indi-
14 vidual for any week of total unemployment shall be
15 equal to the amount of the regular compensation
16 (including dependents' allowances) payable to such
17 individual during such individual's benefit year
18 under the State law for a week of total unemploy-
19 ment;

20 (2) the terms and conditions of the State law
21 which apply to claims for regular compensation and
22 to the payment thereof shall apply to claims for
23 emergency unemployment compensation and the
24 payment thereof, except where otherwise inconsistent
25 with the provisions of this title or with the regula-

1 tions or operating instructions of the Secretary pro-
2 mulgated to carry out this title; and

3 (3) the maximum amount of emergency unem-
4 ployment compensation payable to any individual for
5 whom an emergency unemployment compensation
6 account is established under section 102 shall not
7 exceed the amount established in such account for
8 such individual.

9 (e) ELECTION BY STATES.—Notwithstanding any
10 other provision of Federal law (and if State law permits),
11 the Governor of a State that is in an extended benefit pe-
12 riod may provide for the payment of emergency unemploy-
13 ment compensation prior to extended compensation to in-
14 dividuals who otherwise meet the requirements of this sec-
15 tion.

16 **SEC. 102. EMERGENCY UNEMPLOYMENT COMPENSATION**
17 **ACCOUNT.**

18 (a) IN GENERAL.—Any agreement under this title
19 shall provide that the State will establish, for each eligible
20 individual who files an application for emergency unem-
21 ployment compensation, an emergency unemployment
22 compensation account with respect to such individual's
23 benefit year.

24 (b) AMOUNT IN ACCOUNT.—

1 (1) IN GENERAL.—The amount established in
 2 an account under subsection (a) shall be equal to the
 3 lesser of—

4 (A) 50 percent of the total amount of reg-
 5 ular compensation (including dependents' allow-
 6 ances) payable to the individual during the indi-
 7 vidual's benefit year under such law, or

8 (B) 13 times the individual's average week-
 9 ly benefit amount for the benefit year.

10 (2) WEEKLY BENEFIT AMOUNT.—For purposes
 11 of this subsection, an individual's weekly benefit
 12 amount for any week is the amount of regular com-
 13 pensation (including dependents' allowances) under
 14 the State law payable to such individual for such
 15 week for total unemployment.

16 (c) SPECIAL RULE.—

17 (1) IN GENERAL.—Notwithstanding any other
 18 provision of this section, if, at the time that the indi-
 19 vidual's account is exhausted or at any time there-
 20 after, such individual's State is in an extended ben-
 21 efit period (as determined under paragraph (2)),
 22 then, such account shall be augmented by an
 23 amount equal to the amount originally established in
 24 such account (as determined under subsection
 25 (b)(1)).

1 (2) EXTENDED BENEFIT PERIOD.—For pur-
2 poses of paragraph (1), a State shall be considered
3 to be in an extended benefit period, as of any given
4 time, if—

5 (A) such a period is then in effect for such
6 State under the Federal-State Extended Unem-
7 ployment Compensation Act of 1970;

8 (B) such a period would then be in effect
9 for such State under such Act if section 203(d)
10 of such Act—

11 (i) were applied by substituting “4”
12 for “5” each place it appears; and

13 (ii) did not include the requirement
14 under paragraph (1)(A); or

15 (C) such a period would then be in effect
16 for such State under such Act if—

17 (i) section 203(f) of such Act were ap-
18 plied to such State (regardless of whether
19 the State by law had provided for such ap-
20 plication); and

21 (ii) such section 203(f)—

22 (I) were applied by substituting
23 “6.0” for “6.5” in paragraph
24 (1)(A)(i); and

1 (II) did not include the require-
2 ment under paragraph (1)(A)(ii).

3 **SEC. 103. PAYMENTS TO STATES HAVING AGREEMENTS FOR**
4 **THE PAYMENT OF EMERGENCY UNEMPLOY-**
5 **MENT COMPENSATION.**

6 (a) GENERAL RULE.—There shall be paid to each
7 State that has entered into an agreement under this title
8 an amount equal to 100 percent of the emergency unem-
9 ployment compensation paid to individuals by the State
10 pursuant to such agreement.

11 (b) TREATMENT OF REIMBURSABLE COMPENSA-
12 TION.—No payment shall be made to any State under this
13 section in respect of any compensation to the extent the
14 State is entitled to reimbursement in respect of such com-
15 pensation under the provisions of any Federal law other
16 than this title or chapter 85 of title 5, United States Code.
17 A State shall not be entitled to any reimbursement under
18 such chapter 85 in respect of any compensation to the ex-
19 tent the State is entitled to reimbursement under this title
20 in respect of such compensation.

21 (c) DETERMINATION OF AMOUNT.—Sums payable to
22 any State by reason of such State having an agreement
23 under this title shall be payable, either in advance or by
24 way of reimbursement (as may be determined by the Sec-
25 retary), in such amounts as the Secretary estimates the

1 State will be entitled to receive under this title for each
2 calendar month, reduced or increased, as the case may be,
3 by any amount by which the Secretary finds that the Sec-
4 retary's estimates for any prior calendar month were
5 greater or less than the amounts which should have been
6 paid to the State. Such estimates may be made on the
7 basis of such statistical, sampling, or other method as may
8 be agreed upon by the Secretary and the State agency of
9 the State involved.

10 **SEC. 104. FINANCING PROVISIONS.**

11 (a) IN GENERAL.—Funds in the extended unemploy-
12 ment compensation account (as established by section
13 905(a) of the Social Security Act (42 U.S.C. 1105(a)) of
14 the Unemployment Trust Fund (as established by section
15 904(a) of such Act (42 U.S.C. 1104(a)) shall be used for
16 the making of payments to States having agreements en-
17 tered into under this title.

18 (b) CERTIFICATION.—The Secretary shall from time
19 to time certify to the Secretary of the Treasury for pay-
20 ment to each State the sums payable to such State under
21 this title. The Secretary of the Treasury, prior to audit
22 or settlement by the Government Accountability Office,
23 shall make payments to the State in accordance with such
24 certification, by transfers from the extended unemploy-
25 ment compensation account (as so established) to the ac-

1 count of such State in the Unemployment Trust Fund (as
2 so established).

3 (c) ASSISTANCE TO STATES.—There are appro-
4 priated out of the employment security administration ac-
5 count (as established by section 901(a) of the Social Secu-
6 rity Act (42 U.S.C. 1101(a)) of the Unemployment Trust
7 Fund, without fiscal year limitation, such funds as may
8 be necessary for purposes of assisting States (as provided
9 in title III of the Social Security Act (42 U.S.C. 501 et
10 seq.)) in meeting the costs of administration of agree-
11 ments under this title.

12 (d) APPROPRIATIONS FOR CERTAIN PAYMENTS.—
13 There are appropriated from the general fund of the
14 Treasury, without fiscal year limitation, to the extended
15 unemployment compensation account (as so established)
16 of the Unemployment Trust Fund (as so established) such
17 sums as the Secretary estimates to be necessary to make
18 the payments under this section in respect of—

19 (1) compensation payable under chapter 85 of
20 title 5, United States Code; and

21 (2) compensation payable on the basis of serv-
22 ices to which section 3309(a)(1) of the Internal Rev-
23 enue Code of 1986 applies.

24 Amounts appropriated pursuant to the preceding sentence
25 shall not be required to be repaid.

1 **SEC. 105. FRAUD AND OVERPAYMENTS.**

2 (a) IN GENERAL.—If an individual knowingly has
3 made, or caused to be made by another, a false statement
4 or representation of a material fact, or knowingly has
5 failed, or caused another to fail, to disclose a material fact,
6 and as a result of such false statement or representation
7 or of such nondisclosure such individual has received an
8 amount of emergency unemployment compensation under
9 this title to which he was not entitled, such individual—

10 (1) shall be ineligible for further emergency un-
11 employment compensation under this title in accord-
12 ance with the provisions of the applicable State un-
13 employment compensation law relating to fraud in
14 connection with a claim for unemployment com-
15 pensation; and

16 (2) shall be subject to prosecution under section
17 1001 of title 18, United States Code.

18 (b) REPAYMENT.—In the case of individuals who
19 have received amounts of emergency unemployment com-
20 pensation under this title to which they were not entitled,
21 the State shall require such individuals to repay the
22 amounts of such emergency unemployment compensation
23 to the State agency, except that the State agency may
24 waive such repayment if it determines that—

1 (1) the payment of such emergency unemploy-
2 ment compensation was without fault on the part of
3 any such individual; and

4 (2) such repayment would be contrary to equity
5 and good conscience.

6 (c) RECOVERY BY STATE AGENCY.—

7 (1) IN GENERAL.—The State agency may re-
8 cover the amount to be repaid, or any part thereof,
9 by deductions from any emergency unemployment
10 compensation payable to such individual under this
11 title or from any unemployment compensation pay-
12 able to such individual under any State or Federal
13 unemployment compensation law administered by
14 the State agency or under any other Federal law ad-
15 ministered by the State agency which provides for
16 the payment of any assistance or allowance with re-
17 spect to any week of unemployment, during the 3-
18 year period after the date such individuals received
19 the payment of the emergency unemployment com-
20 pensation to which they were not entitled, except
21 that no single deduction may exceed 50 percent of
22 the weekly benefit amount from which such deduc-
23 tion is made.

24 (2) OPPORTUNITY FOR HEARING.—No repay-
25 ment shall be required, and no deduction shall be

1 made, until a determination has been made, notice
2 thereof and an opportunity for a fair hearing has
3 been given to the individual, and the determination
4 has become final.

5 (d) REVIEW.—Any determination by a State agency
6 under this section shall be subject to review in the same
7 manner and to the same extent as determinations under
8 the State unemployment compensation law, and only in
9 that manner and to that extent.

10 **SEC. 106. DEFINITIONS.**

11 In this title, the terms “compensation”, “regular
12 compensation”, “extended compensation”, “additional
13 compensation”, “benefit year”, “base period”, “State”,
14 “State agency”, “State law”, and “week” have the respec-
15 tive meanings given such terms under section 205 of the
16 Federal-State Extended Unemployment Compensation Act
17 of 1970 (26 U.S.C. 3304 note).

18 **SEC. 107. APPLICABILITY.**

19 (a) IN GENERAL.—Except as provided in subsection
20 (b), an agreement entered into under this title shall apply
21 to weeks of unemployment—

22 (1) beginning after the date on which such
23 agreement is entered into; and

24 (2) ending on or before February 1, 2009.

1 (b) TRANSITION FOR AMOUNT REMAINING IN AC-
2 COUNT.—

3 (1) IN GENERAL.—Subject to paragraphs (2)
4 and (3), in the case of an individual who has
5 amounts remaining in an account established under
6 section 102 as of the last day of the last week (as
7 determined in accordance with the applicable State
8 law) ending on or before February 1, 2009, emer-
9 gency unemployment compensation shall continue to
10 be payable to such individual from such amounts for
11 any week beginning after such last day for which the
12 individual meets the eligibility requirements of this
13 title.

14 (2) LIMIT ON AUGMENTATION.—If the account
15 of an individual is exhausted after the last day of
16 such last week (as so determined), then section
17 102(c) shall not apply and such account shall not be
18 augmented under such section, regardless of whether
19 such individual's State is in an extended benefit pe-
20 riod (as determined under paragraph (2) of such
21 section).

22 (3) LIMIT ON COMPENSATION.—No compensa-
23 tion shall be payable by reason of paragraph (1) for
24 any week beginning after April 30, 2009.

TITLE II—TAX PROVISIONS
Subtitle A—Penalty-Free IRA
Distributions

SEC. 201. PENALTY-FREE DISTRIBUTIONS FROM IRAS TO
AVOID FORECLOSURE ON PRINCIPAL RESI-
DENCE.

(a) IN GENERAL.—Paragraph (2) of section 72(t) of the Internal Revenue Code of 1986 (relating to subsection not to apply to certain distributions) is amended by adding at the end the following new subparagraph:

“(H) QUALIFIED FORECLOSURE DISTRIBUTIONS.—Distributions from an individual retirement plan to an individual which are qualified foreclosure distributions (as defined in paragraph (11)). Distributions shall not be taken into account under the preceding sentence if such distributions are described in subparagraph (A), (C), (D), (E), (F), or (G) or to the extent paragraph (1) does not apply to such distributions by reason of subparagraph (B).”.

(b) QUALIFIED FORECLOSURE DISTRIBUTIONS.—Subsection (t) of section 72 of such Code (relating to 10-percent additional tax on early distributions from qualified retirement plans) is amended by adding at the end the following new paragraph:

1 “(11) QUALIFIED FORECLOSURE DISTRIBUTIONS.—For purposes of paragraph (2)(H)—

3 “(A) IN GENERAL.—The term ‘qualified
4 foreclosure distribution’ means any payment or
5 distribution received by an individual after the
6 individual has received a notice of foreclosure
7 relating to any mortgage on the principal resi-
8 dence (within the meaning of section 121) of
9 the individual.

10 “(B) LIMITATION.—The aggregate pay-
11 ments or distributions which may be treated as
12 qualified foreclosure distributions for a taxable
13 year shall not exceed the amount paid on out-
14 standing indebtedness secured by the principal
15 residence of the taxpayer during the taxable
16 year or the preceeding taxable year.”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to payments or distributions re-
19 ceived after December 31, 2006.

20 **SEC. 202. PENALTY-FREE DISTRIBUTIONS FROM IRAS FOR**
21 **EXPENSES DURING EXTENDED UNEMPLOY-**
22 **MENT.**

23 (a) IN GENERAL.—Subclause (III) of section 72(t)(2)
24 of the Internal Revenue Code of 1986 is amended to read
25 as follows:

1 “(III) to the extent such distribu-
2 tions do not exceed the expenses dur-
3 ing the taxable year with respect to
4 the individual and the individual’s
5 spouse and dependents (as defined in
6 section 152, determined without re-
7 gard to subsections (b)(1), (b)(2), and
8 (d)(1)(B) thereof).”.

9 (b) REPAYMENT.—Subparagraph (D) of section 72(t)
10 of such Code is amended by adding at the end the fol-
11 lowing new clause:

12 “(iv) AMOUNT DISTRIBUTED MAY BE
13 REPAYED.—

14 “(I) IN GENERAL.—Any indi-
15 vidual who receives a distribution
16 under this subparagraph, at any time
17 during the 5-year period beginning on
18 the day after the date on which such
19 distribution was received, make one or
20 more contributions in an aggregate
21 amount not to exceed the amount of
22 such distribution to an individual re-
23 tirement plan of which such individual
24 is a beneficiary.

1 “(II) TREATMENT OF REPAY-
 2 MENTS FOR DISTRIBUTIONS FROM
 3 IRAS.—For purposes of this title, if a
 4 contribution is made pursuant to sub-
 5 clause (I) with respect to a distribu-
 6 tion under clause (i), then, to the ex-
 7 tent of the amount of the contribu-
 8 tion, the distribution shall be treated
 9 as a distribution described in section
 10 408(d)(3) and as having been trans-
 11 ferred to such plan in a direct trustee
 12 to trustee transfer within 60 days of
 13 the distribution.”.

14 (c) CLERICAL AMENDMENT.—The heading for sub-
 15 paragraph (D) of section 72(t)(2) of such Code is amend-
 16 ed by striking “FOR HEALTH INSURANCE PREMIUMS”.

17 (d) EFFECTIVE DATE.—The amendments made by
 18 this section shall apply to distributions received in taxable
 19 years beginning after December 31, 2006.

20 **Subtitle B—Homeland Investment**

21 **SEC. 211. ALLOWANCE OF DEDUCTION FOR DIVIDENDS RE-** 22 **CEIVED FROM CONTROLLED FOREIGN COR-** 23 **PORATIONS FOR ADDITIONAL YEAR.**

24 (a) IN GENERAL.—Section 965 of the Internal Rev-
 25 enue Code of 1986 (relating to temporary dividends re-

1 ceived deduction) is amended by adding at the end the
 2 following new subsection:

3 “(g) ALLOWANCE FOR DEDUCTION FOR 2008.—

4 “(1) IN GENERAL.—In the case of the first tax-
 5 able year beginning in 2008, subsection (f)(1) shall
 6 be applied by substituting ‘January 1, 2008,’ for
 7 ‘the date of the enactment of this section’.

8 “(2) SPECIAL RULES.—For purposes of para-
 9 graph (1)—

10 “(A) EXTRAORDINARY DIVIDENDS.—Sub-
 11 section (b)(2) shall be applied by substituting
 12 ‘June 30, 2007’ for ‘June 30, 2003’.

13 “(B) DETERMINATIONS RELATING TO RE-
 14 LATED PARTY INDEBTEDNESS.—Subsection
 15 (b)(3)(B) shall be applied by substituting ‘Octo-
 16 ber 3, 2008’ for ‘October 3, 2004’.

17 “(C) APPLICABLE FINANCIAL STATE-
 18 MENT.—Subsection (c)(1) shall be applied by
 19 substituting ‘June 30, 2007’ for ‘June 30,
 20 2003’ each place it occurs.

21 “(D) DETERMINATIONS RELATING TO
 22 BASE PERIOD.—Subsection (c)(2) shall be ap-
 23 plied by substituting ‘June 30, 2007’ for ‘June
 24 30, 2003’.”.

1 (b) EFFECTIVE DATE.—The amendment made by
 2 subsection (a) shall apply to taxable years ending on or
 3 after January 1, 2008.

4 **Subtitle C—Suspension of Highway**
 5 **Fuels Taxes When Summer**
 6 **Blending in Effect**

7 **SEC. 221. SUSPENSION OF HIGHWAY FUELS TAXES WHEN**
 8 **SUMMER BLENDING IN EFFECT.**

9 (a) SUSPENSION OF HIGHWAY FUEL TAXES ON GAS-
 10 OLINE, DIESEL FUEL, AND KEROSENE.—

11 (1) IN GENERAL.—Section 4081 of the Internal
 12 Revenue Code of 1986 (relating to imposition of tax
 13 on gasoline, diesel fuel, and kerosene) is amended by
 14 adding at the end the following new subsection:

15 “(f) SUSPENSION OF TAXES ON GASOLINE, DIESEL
 16 FUEL, AND KEROSENE.—

17 “(1) IN GENERAL.—During the suspension pe-
 18 riod, each rate of tax referred to in paragraph (2)
 19 shall be reduced to zero cents per gallon.

20 “(2) RATES OF TAX.—The rates of tax referred
 21 to in this paragraph are the rates of tax otherwise
 22 applicable under—

23 “(A) clauses (i) and (iii) of subsection
 24 (a)(2)(A) (relating to gasoline, diesel fuel, and
 25 kerosene), determined after application of sub-

1 section (a)(2)(B) and without regard to sub-
2 section (a)(2)(C), and

3 “(B) paragraph (1) of section 4041(a) (re-
4 lating to diesel fuel and kerosene) with respect
5 to fuel sold for use or used in a diesel-powered
6 highway vehicle.

7 “(3) SUSPENSION PERIOD.—For purposes of
8 this subsection, the term ‘suspension period’ means
9 the period in 2008 beginning on the date specified
10 under the section 80.27 of title 40, Code of Federal
11 Regulations, in May and ending on the date speci-
12 fied in September under such section.

13 “(4) MAINTENANCE OF TRUST FUND DEPOS-
14 ITS.—In determining the amounts to be appro-
15 priated to the Highway Trust Fund under section
16 9503 and to the Leaking Underground Storage
17 Tank Trust Fund under 9508, an amount equal to
18 the reduction in revenues to the Treasury by reason
19 of this subsection shall be treated as taxes received
20 in the Treasury under this section or section 4041.”.

21 (2) EFFECTIVE DATE.—The amendment made
22 by this subsection shall take effect on the date of the
23 enactment of this Act.

24 (b) FLOOR STOCK REFUNDS.—

25 (1) IN GENERAL.—If—

1 (A) before the tax suspension date, tax has
2 been imposed under section 4081 of the Inter-
3 nal Revenue Code of 1986 on any highway
4 motor fuel, and

5 (B) on such date such fuel is held by a
6 dealer and has not been used and is intended
7 for sale,

8 there shall be credited or refunded (without interest)
9 to the person who paid such tax (hereafter in this
10 subsection referred to as the “taxpayer”) an amount
11 equal to the excess of the tax paid by the taxpayer
12 over the tax which would be imposed on such fuel
13 had the taxable event occurred on such date.

14 (2) TIME FOR FILING CLAIMS.—No credit or re-
15 fund shall be allowed or made under this subsection
16 unless—

17 (A) claim therefor is filed with the Sec-
18 retary of the Treasury before the date which is
19 6 months after the tax suspension date based
20 on a request submitted to the taxpayer before
21 the date which is 3 months after the tax sus-
22 pension date by the dealer who held the high-
23 way motor fuel on such date, and

24 (B) the taxpayer has repaid or agreed to
25 repay the amount so claimed to such dealer or

1 has obtained the written consent of such dealer
2 to the allowance of the credit or the making of
3 the refund.

4 (3) EXCEPTION FOR FUEL HELD IN RETAIL
5 STOCKS.—No credit or refund shall be allowed under
6 this subsection with respect to any highway motor
7 fuel in retail stocks held at the place where intended
8 to be sold at retail.

9 (4) DEFINITIONS.—For purposes of this sub-
10 section—

11 (A) TAX SUSPENSION DATE.—The term
12 “tax suspension date” means the first day of
13 the suspension period in effect under section
14 4081(f) of the Internal Revenue Code of 1986
15 (as added by subsection (a) of this section).

16 (B) HIGHWAY MOTOR FUEL.—The term
17 “highway motor fuel” has the meaning given
18 such term for purposes of subsection (c).

19 (C) OTHER TERMS.—The terms “dealer”
20 and “held by a dealer” have the respective
21 meanings given to such terms by section 6412
22 of such Code.

23 (5) CERTAIN RULES TO APPLY.—Rules similar
24 to the rules of subsections (b) and (c) of section

1 6412 of such Code shall apply for purposes of this
2 subsection.

3 (c) FLOOR STOCKS TAX.—

4 (1) IMPOSITION OF TAX.—In the case of any
5 highway motor fuel which is held on the tax restora-
6 tion date by any person, there is hereby imposed a
7 floor stocks tax equal to the excess of the tax which
8 would be imposed on such fuel had the taxable event
9 occurred on such date over the tax (if any) pre-
10 viously paid (and not credited or refunded) on such
11 fuel.

12 (2) LIABILITY FOR TAX AND METHOD OF PAY-
13 MENT.—

14 (A) LIABILITY FOR TAX.—The person
15 holding highway motor fuel on the tax restora-
16 tion date to which the tax imposed by para-
17 graph (1) applies shall be liable for such tax.

18 (B) METHOD OF PAYMENT.—The tax im-
19 posed by paragraph (1) shall be paid in such
20 manner as the Secretary shall prescribe.

21 (C) TIME FOR PAYMENT.—The tax im-
22 posed by paragraph (1) shall be paid on or be-
23 fore the 45th day after the tax restoration date.

24 (3) DEFINITIONS.—For purposes of this sub-
25 section—

1 (A) TAX RESTORATION DATE.—The term
2 “tax restoration date” means the first day after
3 the suspension period (as defined in section
4 4081(f) of the Internal Revenue Code of 1986).

5 (B) HIGHWAY MOTOR FUEL.—The term
6 “highway motor fuel” means any liquid on
7 which tax would have been imposed under sec-
8 tion 4081 of the Internal Revenue Code of 1986
9 during the suspension period in effect under
10 section 4081(f) of such Code but for the
11 amendments made by subsection (a).

12 (C) HELD BY A PERSON.—A highway
13 motor fuel shall be considered as held by a per-
14 son if title thereto has passed to such person
15 (whether or not delivery to the person has been
16 made).

17 (D) SECRETARY.—The term “Secretary”
18 means the Secretary of the Treasury or the
19 Secretary’s delegate.

20 (4) EXCEPTION FOR EXEMPT USES.—The tax
21 imposed by paragraph (1) shall not apply to any
22 highway motor fuel held by any person exclusively
23 for any use to the extent a credit or refund of the
24 tax is allowable for such use.

1 (5) EXCEPTION FOR CERTAIN AMOUNTS OF
2 FUEL.—

3 (A) IN GENERAL.—No tax shall be im-
4 posed by paragraph (1) on any highway motor
5 fuel held on the tax restoration date by any per-
6 son if the aggregate amount of such highway
7 motor fuel held by such person on such date
8 does not exceed 2,000 gallons. The preceding
9 sentence shall apply only if such person submits
10 to the Secretary (at the time and in the manner
11 required by the Secretary) such information as
12 the Secretary shall require for purposes of this
13 subparagraph.

14 (B) EXEMPT FUEL.—For purposes of sub-
15 paragraph (A), there shall not be taken into ac-
16 count any highway motor fuel held by any per-
17 son which is exempt from the tax imposed by
18 paragraph (1) by reason of paragraph (4).

19 (C) CONTROLLED GROUPS.—For purposes
20 of this subsection—

21 (i) CORPORATIONS.—

22 (I) IN GENERAL.—All persons
23 treated as a controlled group shall be
24 treated as 1 person.

1 (II) CONTROLLED GROUP.—The
2 term “controlled group” has the
3 meaning given to such term by sub-
4 section (a) of section 1563 of such
5 Code; except that for such purposes
6 the phrase “more than 50 percent”
7 shall be substituted for the phrase “at
8 least 80 percent” each place it ap-
9 pears in such subsection.

10 (ii) NONINCORPORATED PERSONS
11 UNDER COMMON CONTROL.—Under regula-
12 tions prescribed by the Secretary, prin-
13 ciples similar to the principles of subpara-
14 graph (A) shall apply to a group of per-
15 sons under common control if 1 or more of
16 such persons is not a corporation.

17 (6) OTHER LAWS APPLICABLE.—All provisions
18 of law, including penalties, applicable with respect to
19 the taxes imposed by section 4081 of such Code
20 shall, insofar as applicable and not inconsistent with
21 the provisions of this subsection, apply with respect
22 to the floor stock taxes imposed by paragraph (1) to
23 the same extent as if such taxes were imposed by
24 such section.

Subtitle D—Indexing for Capital Gains

SEC. 231. INDEXING OF CERTAIN ASSETS FOR PURPOSES OF DETERMINING GAIN OR LOSS.

(a) IN GENERAL.—Part II of subchapter O of chapter 1 of the Internal Revenue Code of 1986 (relating to basis rules of general application) is amended by redesignating section 1023 as section 1024 and by inserting after section 1022 the following new section:

“SEC. 1023. INDEXING OF CERTAIN ASSETS FOR PURPOSES OF DETERMINING GAIN OR LOSS.

“(a) GENERAL RULE.—

“(1) INDEXED BASIS SUBSTITUTED FOR ADJUSTED BASIS.—Solely for purposes of determining gain or loss on the sale or other disposition by a taxpayer (other than a corporation) of an indexed asset which has been held for more than 3 years, the indexed basis of the asset shall be substituted for its adjusted basis.

“(2) EXCEPTION FOR DEPRECIATION, ETC.—

The deductions for depreciation, depletion, and amortization shall be determined without regard to the application of paragraph (1) to the taxpayer or any other person.

1 “(3) WRITTEN DOCUMENTATION REQUIRE-
2 MENT.—Paragraph (1) shall apply only with respect
3 to indexed assets for which the taxpayer has written
4 documentation of the original purchase price paid or
5 incurred by the taxpayer to acquire such asset.

6 “(b) INDEXED ASSET.—

7 “(1) IN GENERAL.—For purposes of this sec-
8 tion, the term ‘indexed asset’ means—

9 “(A) common stock in a C corporation
10 (other than a foreign corporation), or

11 “(B) tangible property,
12 which is a capital asset or property used in the trade
13 or business (as defined in section 1231(b)).

14 “(2) STOCK IN CERTAIN FOREIGN CORPORA-
15 TIONS INCLUDED.—For purposes of this section—

16 “(A) IN GENERAL.—The term ‘indexed
17 asset’ includes common stock in a foreign cor-
18 poration which is regularly traded on an estab-
19 lished securities market.

20 “(B) EXCEPTION.—Subparagraph (A)
21 shall not apply to—

22 “(i) stock of a foreign investment
23 company,

1 “(ii) stock in a passive foreign invest-
 2 ment company (as defined in section
 3 1296),

4 “(iii) stock in a foreign corporation
 5 held by a United States person who meets
 6 the requirements of section 1248(a)(2),
 7 and

8 “(iv) stock in a foreign personal hold-
 9 ing company.

10 “(C) TREATMENT OF AMERICAN DEPOSI-
 11 TORY RECEIPTS.—An American depository re-
 12 ceipt for common stock in a foreign corporation
 13 shall be treated as common stock in such cor-
 14 poration.

15 “(c) INDEXED BASIS.—For purposes of this sec-
 16 tion—

17 “(1) GENERAL RULE.—The indexed basis for
 18 any asset is—

19 “(A) the adjusted basis of the asset, in-
 20 creased by

21 “(B) the applicable inflation adjustment.

22 “(2) APPLICABLE INFLATION ADJUSTMENT.—
 23 The applicable inflation adjustment for any asset is
 24 an amount equal to—

1 “(A) the adjusted basis of the asset, multi-
2 plied by

3 “(B) the percentage (if any) by which—

4 “(i) the gross domestic product
5 deflator for the last calendar quarter end-
6 ing before the asset is disposed of, exceeds

7 “(ii) the gross domestic product
8 deflator for the last calendar quarter end-
9 ing before the asset was acquired by the
10 taxpayer.

11 The percentage under subparagraph (B) shall be
12 rounded to the nearest $\frac{1}{10}$ of 1 percentage point.

13 “(3) GROSS DOMESTIC PRODUCT DEFLATOR.—

14 The gross domestic product deflator for any cal-
15 endar quarter is the implicit price deflator for the
16 gross domestic product for such quarter (as shown
17 in the last revision thereof released by the Secretary
18 of Commerce before the close of the following cal-
19 endar quarter).

20 “(d) SUSPENSION OF HOLDING PERIOD WHERE DI-
21 MINISHED RISK OF LOSS; TREATMENT OF SHORT
22 SALES.—

23 “(1) IN GENERAL.—If the taxpayer (or a re-
24 lated person) enters into any transaction which sub-
25 stantially reduces the risk of loss from holding any

1 asset, such asset shall not be treated as an indexed
2 asset for the period of such reduced risk.

3 “(2) SHORT SALES.—

4 “(A) IN GENERAL.—In the case of a short
5 sale of an indexed asset with a short sale period
6 in excess of 3 years, for purposes of this title,
7 the amount realized shall be an amount equal
8 to the amount realized (determined without re-
9 gard to this paragraph) increased by the appli-
10 cable inflation adjustment. In applying sub-
11 section (c)(2) for purposes of the preceding sen-
12 tence, the date on which the property is sold
13 short shall be treated as the date of acquisition
14 and the closing date for the sale shall be treat-
15 ed as the date of disposition.

16 “(B) SHORT SALE PERIOD.—For purposes
17 of subparagraph (A), the short sale period be-
18 gins on the day that the property is sold and
19 ends on the closing date for the sale.

20 “(e) TREATMENT OF REGULATED INVESTMENT
21 COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—

22 “(1) ADJUSTMENTS AT ENTITY LEVEL.—

23 “(A) IN GENERAL.—Except as otherwise
24 provided in this paragraph, the adjustment
25 under subsection (a) shall be allowed to any

1 qualified investment entity (including for pur-
2 poses of determining the earnings and profits of
3 such entity).

4 “(B) EXCEPTION FOR CORPORATE SHARE-
5 HOLDERS.—Under regulations—

6 “(i) in the case of a distribution by a
7 qualified investment entity (directly or in-
8 directly) to a corporation—

9 “(I) the determination of whether
10 such distribution is a dividend shall be
11 made without regard to this section,
12 and

13 “(II) the amount treated as gain
14 by reason of the receipt of any capital
15 gain dividend shall be increased by the
16 percentage by which the entity’s net
17 capital gain for the taxable year (de-
18 termined without regard to this sec-
19 tion) exceeds the entity’s net capital
20 gain for such year determined with re-
21 gard to this section, and

22 “(ii) there shall be other appropriate
23 adjustments (including deemed distribu-
24 tions) so as to ensure that the benefits of
25 this section are not allowed (directly or in-

1 directly) to corporate shareholders of quali-
2 fied investment entities.

3 For purposes of the preceding sentence, any
4 amount includible in gross income under section
5 852(b)(3)(D) shall be treated as a capital gain
6 dividend and an S corporation shall not be
7 treated as a corporation.

8 “(C) EXCEPTION FOR QUALIFICATION
9 PURPOSES.—This section shall not apply for
10 purposes of sections 851(b) and 856(c).

11 “(D) EXCEPTION FOR CERTAIN TAXES IM-
12 POSED AT ENTITY LEVEL.—

13 “(i) TAX ON FAILURE TO DISTRIBUTE
14 ENTIRE GAIN.—If any amount is subject to
15 tax under section 852(b)(3)(A) for any
16 taxable year, the amount on which tax is
17 imposed under such section shall be in-
18 creased by the percentage determined
19 under subparagraph (B)(i)(II). A similar
20 rule shall apply in the case of any amount
21 subject to tax under paragraph (2) or (3)
22 of section 857(b) to the extent attributable
23 to the excess of the net capital gain over
24 the deduction for dividends paid deter-
25 mined with reference to capital gain divi-

dends only. The first sentence of this clause shall not apply to so much of the amount subject to tax under section 852(b)(3)(A) as is designated by the company under section 852(b)(3)(D).

“(ii) OTHER TAXES.—This section shall not apply for purposes of determining the amount of any tax imposed by paragraph (4), (5), or (6) of section 857(b).

“(2) ADJUSTMENTS TO INTERESTS HELD IN ENTITY.—

“(A) REGULATED INVESTMENT COMPANIES.—Stock in a regulated investment company (within the meaning of section 851) shall be an indexed asset for any calendar quarter in the same ratio as—

“(i) the average of the fair market values of the indexed assets held by such company at the close of each month during such quarter, bears to

“(ii) the average of the fair market values of all assets held by such company at the close of each such month.

“(B) REAL ESTATE INVESTMENT TRUSTS.—Stock in a real estate investment

1 trust (within the meaning of section 856) shall
2 be an indexed asset for any calendar quarter in
3 the same ratio as—

4 “(i) the fair market value of the in-
5 dexed assets held by such trust at the close
6 of such quarter, bears to

7 “(ii) the fair market value of all as-
8 sets held by such trust at the close of such
9 quarter.

10 “(C) RATIO OF 80 PERCENT OR MORE.—If
11 the ratio for any calendar quarter determined
12 under subparagraph (A) or (B) would (but for
13 this subparagraph) be 80 percent or more, such
14 ratio for such quarter shall be 100 percent.

15 “(D) RATIO OF 20 PERCENT OR LESS.—If
16 the ratio for any calendar quarter determined
17 under subparagraph (A) or (B) would (but for
18 this subparagraph) be 20 percent or less, such
19 ratio for such quarter shall be zero.

20 “(E) LOOK-THRU OF PARTNERSHIPS.—For
21 purposes of this paragraph, a qualified invest-
22 ment entity which holds a partnership interest
23 shall be treated (in lieu of holding a partnership
24 interest) as holding its proportionate share of
25 the assets held by the partnership.

1 “(3) TREATMENT OF RETURN OF CAPITAL DIS-
 2 TRIBUTIONS.—Except as otherwise provided by the
 3 Secretary, a distribution with respect to stock in a
 4 qualified investment entity which is not a dividend
 5 and which results in a reduction in the adjusted
 6 basis of such stock shall be treated as allocable to
 7 stock acquired by the taxpayer in the order in which
 8 such stock was acquired.

9 “(4) QUALIFIED INVESTMENT ENTITY.—For
 10 purposes of this subsection, the term ‘qualified in-
 11 vestment entity’ means—

12 “(A) a regulated investment company
 13 (within the meaning of section 851), and

14 “(B) a real estate investment trust (within
 15 the meaning of section 856).

16 “(f) OTHER PASS-THRU ENTITIES.—

17 “(1) PARTNERSHIPS.—

18 “(A) IN GENERAL.—In the case of a part-
 19 nership, the adjustment made under subsection
 20 (a) at the partnership level shall be passed
 21 through to the partners.

22 “(B) SPECIAL RULE IN THE CASE OF SEC-
 23 TION 754 ELECTIONS.—In the case of a transfer
 24 of an interest in a partnership with respect to

1 which the election provided in section 754 is in
2 effect—

3 “(i) the adjustment under section
4 743(b)(1) shall, with respect to the trans-
5 feror partner, be treated as a sale of the
6 partnership assets for purposes of applying
7 this section, and

8 “(ii) with respect to the transferee
9 partner, the partnership’s holding period
10 for purposes of this section in such assets
11 shall be treated as beginning on the date
12 of such adjustment.

13 “(2) S CORPORATIONS.—In the case of an S
14 corporation, the adjustment made under subsection
15 (a) at the corporate level shall be passed through to
16 the shareholders. This section shall not apply for
17 purposes of determining the amount of any tax im-
18 posed by section 1374 or 1375.

19 “(3) COMMON TRUST FUNDS.—In the case of a
20 common trust fund, the adjustment made under sub-
21 section (a) at the trust level shall be passed through
22 to the participants.

23 “(4) INDEXING ADJUSTMENT DISREGARDED IN
24 DETERMINING LOSS ON SALE OF INTEREST IN ENTI-
25 TY.—Notwithstanding the preceding provisions of

1 this subsection, for purposes of determining the
2 amount of any loss on a sale or exchange of an in-
3 terest in a partnership, S corporation, or common
4 trust fund, the adjustment made under subsection
5 (a) shall not be taken into account in determining
6 the adjusted basis of such interest.

7 “(g) DISPOSITIONS BETWEEN RELATED PERSONS.—

8 “(1) IN GENERAL.—This section shall not apply
9 to any sale or other disposition of property between
10 related persons except to the extent that the basis
11 of such property in the hands of the transferee is a
12 substituted basis.

13 “(2) RELATED PERSONS DEFINED.—For pur-
14 poses of this section, the term ‘related persons’
15 means—

16 “(A) persons bearing a relationship set
17 forth in section 267(b), and

18 “(B) persons treated as single employer
19 under subsection (b) or (c) of section 414.

20 “(h) TRANSFERS TO INCREASE INDEXING ADJUST-
21 MENT.—If any person transfers cash, debt, or any other
22 property to another person and the principal purpose of
23 such transfer is to secure or increase an adjustment under
24 subsection (a), the Secretary may disallow part or all of
25 such adjustment or increase.

1 “(i) SPECIAL RULES.—For purposes of this section—

2 “(1) TREATMENT OF IMPROVEMENTS, ETC.—If
3 there is an addition to the adjusted basis of any tan-
4 gible property or of any stock in a corporation dur-
5 ing the taxable year by reason of an improvement to
6 such property or a contribution to capital of such
7 corporation—

8 “(A) such addition shall never be taken
9 into account under subsection (c)(1)(A) if the
10 aggregate amount thereof during the taxable
11 year with respect to such property or stock is
12 less than \$1,000, and

13 “(B) such addition shall be treated as a
14 separate asset acquired at the close of such tax-
15 able year if the aggregate amount thereof dur-
16 ing the taxable year with respect to such prop-
17 erty or stock is \$1,000 or more.

18 A rule similar to the rule of the preceding sentence
19 shall apply to any other portion of an asset to the
20 extent that separate treatment of such portion is ap-
21 propriate to carry out the purposes of this section.

22 “(2) ASSETS WHICH ARE NOT INDEXED ASSETS
23 THROUGHOUT HOLDING PERIOD.—The applicable in-
24 flation adjustment shall be appropriately reduced for

1 periods during which the asset was not an indexed
2 asset.

3 “(3) TREATMENT OF CERTAIN DISTRIBUTIONS.—A distribution with respect to stock in a
4 corporation which is not a dividend shall be treated
5 as a disposition.
6

7 “(4) SECTION CANNOT INCREASE ORDINARY
8 LOSS.—To the extent that (but for this paragraph)
9 this section would create or increase a net ordinary
10 loss to which section 1231(a)(2) applies or an ordi-
11 nary loss to which any other provision of this title
12 applies, such provision shall not apply. The taxpayer
13 shall be treated as having a long-term capital loss in
14 an amount equal to the amount of the ordinary loss
15 to which the preceding sentence applies.

16 “(5) ACQUISITION DATE WHERE THERE HAS
17 BEEN PRIOR APPLICATION OF SUBSECTION (a)(1)
18 WITH RESPECT TO THE TAXPAYER.—If there has
19 been a prior application of subsection (a)(1) to an
20 asset while such asset was held by the taxpayer, the
21 date of acquisition of such asset by the taxpayer
22 shall be treated as not earlier than the date of the
23 most recent such prior application.

1 “(j) REGULATIONS.—The Secretary shall prescribe
2 such regulations as may be necessary or appropriate to
3 carry out the purposes of this section.”.

4 (b) CLERICAL AMENDMENT.—The table of sections
5 for part II of subchapter O of chapter 1 of such Code
6 is amended by striking the item relating to section 1023
7 and by inserting after the item relating to section 1022
8 the following new item:

“Sec. 1023. Indexing of certain assets for purposes of determining gain or loss.
“Sec. 1024. Cross references.”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to indexed assets acquired by the
11 taxpayer after December 31, 2007, in taxable years ending
12 after such date.

13 **TITLE III—EMERGENCY ASSIST-**
14 **ANCE FOR REDEVELOPMENT**
15 **OF ABANDONED AND FORE-**
16 **CLOSED HOMES AND FOR**
17 **WEATHERIZATION OF HOMES**
18 **OF LOW-INCOME FAMILIES**

19 **SEC. 301. DIRECT APPROPRIATIONS.**

20 There are appropriated out of any money in the
21 Treasury not otherwise appropriated for the fiscal year
22 2008, \$4,000,000,000, to remain available until expended,
23 for assistance to States and units of general local govern-
24 ment (as such terms are defined in section 102 of the

1 Housing and Community Development Act of 1974 (42
2 U.S.C. 5302)) for the redevelopment of abandoned and
3 foreclosed upon homes and residential properties and for
4 the weatherization of homes of low-income families.

5 **SEC. 302. ALLOCATION OF APPROPRIATED AMOUNTS.**

6 (a) IN GENERAL.—The amounts appropriated or oth-
7 erwise made available to States and units of general local
8 government under this title shall be allocated based on a
9 funding formula established by the Secretary of Housing
10 and Urban Development (in this title referred to as the
11 “Secretary”).

12 (b) FORMULA TO BE DEVISED SWIFTLY.—The fund-
13 ing formula required under subsection (a)) shall be estab-
14 lished not later than 60 days after the date of the enact-
15 ment of this Act.

16 (c) CRITERIA.—The funding formula required under
17 subsection (a) shall ensure that any amounts appropriated
18 or otherwise made available under this title are allocated
19 to States and units of general local government with the
20 greatest need, as such need is determined in the discretion
21 of the Secretary based on—

22 (1) the number and percentage of home fore-
23 closures in each State or unit of general local gov-
24 ernment;

1 (2) the number and percentage of homes fi-
2 nanced by a subprime mortgage related loan in each
3 State or unit of general local government;

4 (3) the number and percentage of homes in de-
5 fault or delinquency in each State or unit of general
6 local government;

7 (4) the rate of unemployment in each State or
8 unit of general local government; and

9 (5) the amount of assistance used within the
10 State or unit of general local government under the
11 Low-Income Home Energy Assistance Program
12 under title XXVI of the Low-Income Home Energy
13 Assistance Act of 1981 (42 U.S.C. 8621 et seq.).

14 (d) DISTRIBUTION.—Amounts appropriated or other-
15 wise made available under this title shall be distributed
16 according to the funding formula established by the Sec-
17 retary under subsection (a) not later than 30 days after
18 the establishment of such formula.

19 **SEC. 303. USE OF FUNDS.**

20 (a) IN GENERAL.—Any State or unit of general local
21 government that receives amounts pursuant to this title
22 shall, not later than 18 months after the receipt of such
23 amounts, use such amounts only as provided in subsection
24 (c) to purchase and redevelop abandoned and foreclosed

1 homes and residential properties or to weatherize homes
2 of low-income families.

3 (b) PRIORITY.—Any State or unit of general local
4 government that receives amounts pursuant to this title
5 shall, in distributing such amounts, give priority emphasis
6 and consideration to those metropolitan areas, metropoli-
7 tan cities, urban areas, rural areas, low- and moderate-
8 income areas, and other areas with the greatest need, in-
9 cluding those—

10 (1) with the greatest percentage of home fore-
11 closures;

12 (2) with the highest percentage of homes fi-
13 nanced by a subprime mortgage related loan;

14 (3) identified by the State or unit of general
15 local government as likely to face a significant rise
16 in the rate of home foreclosures; and

17 (4) having the greatest need for weatherization
18 for homes of low-income families, as demonstrated
19 by the amount of assistance used within the metro-
20 politan area, metropolitan city, urban area, rural
21 area, low- or moderate-income area, and other area
22 under the Low-Income Home Energy Assistance
23 Program under title XXVI of the Low-Income Home
24 Energy Assistance Act of 1981.

1 (c) ELIGIBLE USES.—Amounts made available under
2 this title may be used to—

3 (1) establish financing mechanisms for pur-
4 chase and redevelopment of foreclosed upon homes
5 and residential properties, including such mecha-
6 nisms as soft-seconds, loan loss reserves, and
7 shared-equity loans for low- and moderate-income
8 homebuyers;

9 (2) purchase and rehabilitate homes and resi-
10 dential properties that have been abandoned or fore-
11 closed upon, in order to sell, rent, or redevelop such
12 homes and properties;

13 (3) establish land banks for homes that have
14 been foreclosed upon;

15 (4) demolish blighted structures; and

16 (5) conduct activities to rehabilitate and make
17 improvements to homes of low-income families
18 that—

19 (A) make such homes secure against cold,
20 heat, wind, precipitation, or other inclement
21 weather; and

22 (B) would be eligible for funding provided
23 under the HOME Investment Partnerships Act
24 (42 U.S.C. 12721 et seq.);

1 except that such activities may only be conducted
2 with respect to homes of families who, at any time
3 during the 36-month period ending upon the date of
4 the enactment of this Act, have received assistance
5 under the Low-Income Home Energy Assistance
6 Program under title XXVI of the Low-Income Home
7 Energy Assistance Act of 1981.

8 **SEC. 304. LIMITATIONS.**

9 (a) ON PURCHASES.—Any purchase of a foreclosed
10 upon home or residential property under this title shall
11 be at a discount from the current market appraised value
12 of the home or property, taking into account its current
13 condition, and such discount shall ensure that purchasers
14 are paying below-market value for the home or property.

15 (b) SALE OF HOMES.—If an abandoned or foreclosed
16 upon home or residential property is purchased, redeveloped,
17 or otherwise sold to an individual as a primary residence,
18 then such sale shall be in an amount equal to or
19 less than the cost to acquire and redevelop or rehabilitate
20 such home or property up to a decent, safe, and habitable
21 condition.

22 (c) REINVESTMENT OF PROFITS.—

23 (1) REVENUES GENERATED FROM SALES.—Any
24 revenue generated from the sale, rental, redevelopment,
25 rehabilitation, or any other eligible use that is

1 in excess of the cost to acquire and redevelop (in-
2 cluding reasonable development fees) or rehabilitate
3 an abandoned or foreclosed upon home or residential
4 property shall be provided to and used by the State
5 or unit of general local government in accordance
6 with, and in furtherance of, the intent and provi-
7 sions of this title.

8 (2) OTHER REVENUES.—Any revenue generated
9 under paragraphs (1), (3) or (4) of section 303(c)
10 shall be provided to and used by the State or unit
11 of general local government in accordance with, and
12 in furtherance of, the intent and provisions of this
13 title.

14 **SEC. 305. RULES OF CONSTRUCTION.**

15 (a) IN GENERAL.—Except as otherwise provided by
16 this title, amounts appropriated, revenues generated, or
17 amounts otherwise made available to States and units of
18 general local government under this title shall be treated
19 as though such funds were community development block
20 grant funds under title I of the Housing and Community
21 Development Act of 1974 (42 U.S.C. 5301 et seq.).

22 (b) NO MATCH.—No matching funds shall be re-
23 quired in order for a State or unit of general local govern-
24 ment to receive any amounts under this title.

1 **SEC. 306. AUTHORITY TO SPECIFY ALTERNATIVE REQUIRE-**
2 **MENTS.**

3 (a) IN GENERAL.—In administering any amounts ap-
4 propriated or otherwise made available under this title, the
5 Secretary may specify alternative requirements to any pro-
6 vision under title I of the Housing and Community Devel-
7 opment Act of 1974 (except for those related to fair hous-
8 ing, nondiscrimination, labor standards, and the environ-
9 ment) in accordance with the terms of this title and for
10 the sole purpose of expediting the use of such funds.

11 (b) NOTICE.—The Secretary shall provide written no-
12 tice of the Secretary's intent to exercise the authority to
13 specify alternative requirements under subsection (a) to
14 the Committee on Banking, Housing, and Urban Affairs
15 of the Senate and the Committee on Financial Services
16 of the House of Representatives not later than 10 business
17 days before such exercise of authority is to occur.

18 (c) LOW- AND MODERATE-INCOME REQUIREMENT.—

19 (1) IN GENERAL.—Notwithstanding the author-
20 ity of the Secretary under paragraph (1)—

21 (A) all of the funds appropriated or other-
22 wise made available under this title shall be
23 used with respect to individuals and families
24 whose income does not exceed 120 percent of
25 area median income; and

(B) not less than 25 percent of the funds appropriated or otherwise made available under this title shall be used for—

(i) the purchase and redevelopment of abandoned or foreclosed upon homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50 percent of area median income; or

(ii) weatherization activities for homes of individuals or families whose incomes do not exceed 50 percent of area median income.

(2) **RECURRENT REQUIREMENT.**—The Secretary shall, by rule or order, ensure, to the maximum extent practicable and for the longest feasible term, that the sale, rental, or redevelopment of abandoned and foreclosed upon homes and residential properties under this title remain affordable to individuals or families described in paragraph (1).

SEC. 307. PERIODIC AUDITS.

In consultation with the Secretary of Housing and Urban Development, the Comptroller General of the United States shall conduct periodic audits to ensure that funds appropriated, made available, or otherwise distrib-

- 1 uted under this title are being used in a manner consistent
- 2 with the criteria provided in this title.

